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**ANNUAL  
REPORT  
1964**

**THE  
OGILVIE  
FLOUR  
MILLS  
COMPANY  
LIMITED**

**A N N U A L   R E P O R T   1 9 6 4**



Nov 5, 1964

## THE OGILVIE FLOUR MILLS COMPANY, LIMITED

### Contents

Directors, Officers, Division and Department Managers	<b>page 2</b>
The Year in Brief	<b>page 3</b>
Directors' Report to the Shareholders	<b>page 4</b>
A Five Year Comparison	<b>page 7</b>
Financial Statements	<b>page 8</b>



## **DIRECTORS**

ARTHUR ATKINS  
L. J. BELNAP  
PAUL BIENVENU  
H. NORMAN DAVIS  
F. H. DUNSFORD  
G. ARNOLD HART  
P. M. LAING, Q.C.  
H. GREVILLE SMITH  
J. W. TAIT, C.A.  
A. MURRAY VAUGHAN

## **OFFICERS**

ARTHUR ATKINS  
President  
J. W. TAIT, C.A.  
Executive Vice-President  
G. J. DUNNE  
Vice-President, Starch & Chemicals  
G. B. MACLEAN  
Vice-President, Export  
F. H. MOUNT  
Vice-President, Marketing  
A. J. C. WILLIS  
Vice-President, Production  
F. T. REA  
Secretary  
C. F. BROWN, C.A.  
Treasurer  
R. R. MACDOUGALL, F.C.I.S.  
Assistant Secretary-Treasurer

J. F. BLAKNEY  
General Manager, Western Division  
B. F. GRANT, R.I.A.  
Comptroller  
N. H. McCLURE  
Manager, Grain Division  
W. LEE  
Chief Accountant, Western Division

## **TRANSFER**

### **AGENT**

THE ROYAL TRUST COMPANY  
Montreal, Toronto & Winnipeg

## **REGISTRAR**

MONTREAL TRUST COMPANY  
Montreal, Toronto & Winnipeg

## **DIVISION AND DEPARTMENT MANAGERS**

### **HEAD OFFICE**

JAS. HESS  
Export Manager  
A. J. SCOTT  
Manager Feeds Division  
H. K. ROBERTSON  
Executive Assistant Special  
Projects  
D. R. KENNEDY  
Purchasing Agent  
P. E. KELLEY  
Sales Promotion Manager  
K. M. ARMSTRONG  
Manager Product Development

### **PLANT MANAGERS**

A. PANTER  
Montreal  
D. I. C. MACLEAN  
Winnipeg  
G. H. FRIGHT  
Medicine Hat  
G. L. McARTHUR  
Edmonton

### **STARCH AND CHEMICAL DIVISION**

A. S. MILLS  
Sales Manager  
T. W. ROBERTS  
Plant Manager Fort William  
J. BEREZNY  
Plant Manager Montreal

### **SALES DIVISION**

M. J. McGRATH  
General Sales Manager,  
Grocery Products  
W. R. DUFF  
General Sales Manager,  
Bulk Products

#### *Quebec*

G. H. TRUDEAU  
Sales Manager, Bulk Products  
R. VIAU  
Sales Manager, Grocery Products  
R. P. DESMARCHAIS  
Sales Manager, Feeds

#### *Ontario*

W. H. MYLKS  
Sales Manager, Bulk Products  
E. J. MOLLARD  
Sales Manager, Grocery Products

#### *Alberta-British Columbia*

J. W. McJANNET  
General Sales Manager  
E. H. WERLE  
Sales Manager, Grocery Products  
G. A. KEYES  
Sales Manager, Feeds

#### *Manitoba-Saskatchewan*

E. E. WILLIAMS  
General Sales Manager  
J. F. PRICE  
Sales Manager, Grocery Products

#### *Maritimes*

D. G. BROWN  
Sales Manager



## THE YEAR IN BRIEF

	1964	1963	Increase (Decrease)
	*	*	
Earnings from Operations	3,710	2,459	1,251
Investment Income	856	863	(7)
Income Taxes	1,787	1,232	555
Net Earnings	2,779	2,090	689
Profit from sale of Investments and Fixed Assets	618	617	1
Dividends	2,385	1,934	451
Working Capital	15,226	14,390	836
Investment in Subsidiaries	8,264	8,439	(175)
Net Investment in Fixed Assets	11,737	11,557	180
Other Assets	1,624	1,436	188
Funded Debt	—	200	(200)
*In thousands of dollars.			
Income per Common Share	\$1.09	\$0.86	\$0.23
Income per Common Share, excluding profit on sale of securities and fixed assets	.88	.65	.23
Dividends per Common Shares	.75	.60	.15



# DIRECTORS' REPORT TO THE SHAREHOLDERS

It is with pleasure that we report on a year of record volume and operating earnings.

## EARNINGS

Consolidated net income amounted to \$2,779,000 exclusive of profit on sale of investments and fixed assets, compared to \$2,090,000 last year. This represents 88¢ per share on the common stock.

Your Company's share of net income of non-consolidated subsidiary companies amounted to \$477,000. Dividends of \$339,000 were received from these companies, the balance being retained by the subsidiary companies.

Profit on the sale of investments (\$565,000) and fixed assets (\$53,000) which is not included in the above figures, amounted to \$618,000.

## OPERATIONS

During the year all of our mills operated at a high rate of capacity and a record volume of flour was produced. A substantial part of the increase was a result of shipments to Russia. However, as forecast, domestic sales showed a marked increase. Sales to normal export markets showed a small decline and volume supplied to Government agencies for relief purposes was approximately the same as the previous year.

Sales of animal and poultry feeds showed a distinct improvement during the year but financial results were not commensurate with the volume increase.

Sales of other products were maintained at satisfactory levels.

With the large production of flour, mill by-products (offals) increased accordingly and a large surplus of these products developed. During the first half of the year we were successful in exporting them at good prices but sale of offals became a problem during the last half of the year and lower than normal prices were obtained. Lower offal prices reduced margins on both domestic and export flour sales, with the result that earnings during the last half of the year fell somewhat below the first half results.



The Starch and Chemical Division continued to show steady progress and operated at maximum capacity. New products developed and acquired during the year contributed to a successful year for this division.

In the Poultry Products lower prices for poultry caused by over-production and competition seriously narrowed margins. As a result, our processing plant at Edmonton operated at a loss.

The costs of rehabilitating our mill at Medicine Hat and alterations to our mill at Winnipeg for the production of flour for Russia were written off.

During the year we introduced instantized flour under the brand name "Miracle". Development and promotional costs associated with this new product were written off. While consumer surveys indicated a good reception for this type of flour, it is too early to predict the share of the market it will obtain.

The new research building was completed during the early part of the year and has been staffed with qualified personnel. During the past year research has contributed to the refinement of a number of our products, mainly in the starch and chemical field, and a new process for the production of instantized flour was developed. We are encouraged by the work of research and look forward to beneficial results. Full advantage has been taken of the special income tax allowance in connection with increased expenditures on research.

Earnings of subsidiary companies were unsatisfactory, these being held down by the poor showing of certain of our bakery affiliates. Last year I reported a re-organization of these companies. Further changes have been made and, while the improvement to date is slight, we believe a good foundation has been built and that better results can be expected. Catelli Food Products, Ltd., continued to show progress in sales but profits declined somewhat, due to higher costs which could not be fully reflected in selling prices and to non-recurring costs of consolidating plant facilities.

#### FINANCIAL

Net Capital Expenditures amounted to \$1,050,000. These included expenditures on the new flour mill unit at Winnipeg, the research building at Montreal and installation of bulk handling equipment in the Montreal flour mill.

Depreciation written off on buildings and machinery amounted to \$869,000.



During the year \$500,000 of debentures were paid off and funded debt has now been retired.

The regular quarterly dividends of 15¢ per share were paid on the common stock, plus extras of 5¢ per share paid April 1, 1964 and 10¢ per share payable October 1, 1964. Total dividends for the year thus amounted to 75¢ per share.

Working capital increased by \$836,000 and now stands at \$15,226,000. This does not include the excess of quoted market value of marketable securities over book value, which amounted to a further \$10,261,000.

#### OUTLOOK

At this time of the year it is somewhat difficult to forecast trends. However, although we anticipate more severe competition than in previous years, we expect that domestic sales of all Company products will show increases during the coming year. We also expect sales to normal export markets will be about the same as in the past year.

The Government has announced that greater aid will be supplied to developing countries, and we have been assured that flour shipments will be noticeably higher than in the year just closed.

It is becoming more and more doubtful that Russia will be a buyer of flour for shipment to the homeland, but there still remains the possibility that purchases will be made by Russia for shipment to Cuba. Should this be the case, we would expect to enjoy a good share of this business.

#### PERSONNEL

The record production and operating profits of the past year could not have been achieved without special effort on the part of our officers and staff, and we are pleased to express our thanks to them for their devoted and efficient service.

ARTHUR ATKINS  
*President*

*Montreal, Quebec,  
October 28th, 1964.*



## A FIVE YEAR COMPARISON

	1964	1963	1962	1961	1960	Years ended 31st Aug.
Earnings from Operations	\$ 3,710,060	\$ 2,458,869	\$ 2,466,267	\$ 1,920,697	\$ 2,636,033	
Investment Income	856,036	863,384	917,041	1,159,053	1,010,312	
Provision for Income Taxes	1,787,000	1,232,232	1,312,697	1,036,229	1,337,263	
Net Income excluding Profit on Sale of Investments and Fixed Assets	2,779,096	2,090,021	2,070,611	2,043,521	2,248,578	
Profit on Sale of Investments and Fixed Assets	618,163	617,123	469,009	580,017	2,735,151	
Income per share of Common excluding Profit on Sale of Investments and Fixed Assets	.88	.65	* .65	* .64	* .71	
Total Profit per share of Common	1.09	.86	* .80	* .83	* 1.62	
Dividends per share of Common	.75	.60	* .60	* .56	* .56	
Fixed Assets less Reserve for Depreciation	11,736,863	11,556,717	10,728,402	10,798,972	11,340,324	
Investment in Subsidiary Companies not consolidated	8,264,468	8,439,006	8,592,407	8,142,855	8,040,697	
Working Capital including Investments at market value	25,487,038	22,845,978	22,718,830	25,695,684	21,813,885	
Funded Debt	Nil	200,000	600,000	1,475,000	2,350,000	

\* Adjusted for four-for-one split effected January 11, 1963.



# THE OGILVIE FLOUR MILLS COMPANY, LIMITED

## BALANCE SHEET

AT 31ST AUGUST 1964  
WITH COMPARATIVE FIGURES AT 31ST AUGUST 1963

CURRENT ASSETS	1964	1963
Cash . . . . .	\$ 47,072	\$ 32,245
Accounts Receivable, less Reserve \$472,936 . . . . .	10,167,771	10,255,638
Accounts Receivable—Subsidiary Companies . . . . .	415,751	378,222
Inventories ( <i>Note 1</i> ) . . . . .	11,651,614	11,729,083
Investment in Marketable Securities, less Reserve . . . . .	3,704,505	3,171,559
(Quoted Market value: 1964 \$13,966,000; 1963 \$11,628,000)		
<b>TOTAL CURRENT ASSETS</b>	<b>25,986,713</b>	<b>25,566,747</b>
CURRENT LIABILITIES		
Bank Loans—Secured . . . . .	3,497,722	2,774,101
Notes Payable . . . . .	1,350,000	3,880,000
Accounts Payable and Accrued Liabilities . . . . .	3,906,552	3,119,458
Sinking Fund Payment due 1st September . . . . .	—	300,000
Provision for Income and Other Taxes, less payments on account . . . . .	1,217,561	456,218
Dividends Payable . . . . .	783,389	483,013
Amounts owing to Subsidiary Companies . . . . .	5,946	164,420
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,761,170</b>	<b>11,177,210</b>
<b>WORKING CAPITAL</b>	<b>15,225,543</b>	<b>14,389,537</b>
OTHER ASSETS		
Investment in Subsidiary Companies—not consolidated ( <i>Note 2</i> ) . . . . .	8,264,468	8,439,006
Other Investments and Mortgages, less Reserve \$23,000 . . . . .	1,277,767	1,157,551
Prepaid Expenses . . . . .	345,765	278,534
Fixed Assets ( <i>Note 3</i> ) . . . . .	11,736,863	11,556,717
Goodwill, Trade Marks, Patent Rights, etc. . . . .	1	1
	<b>36,850,407</b>	<b>35,821,346</b>
FUNDED DEBT . . . . .	—	200,000
INCOME TAX DEDUCTIONS APPLICABLE TO FUTURE YEARS . . . . .	868,073	601,813
	<b>868,073</b>	<b>801,813</b>
EXCESS OF ASSETS OVER LIABILITIES . . . . .	<b>35,982,334</b>	<b>35,019,533</b>
SHAREHOLDERS' EQUITY		
Preferred Stock ( <i>Note 4</i> )		
Authorized Issued and Fully Paid—		
80,000 Seven Per cent Cumulative Preferred Shares of \$25 each . . . . .	2,000,000	2,000,000
Common Stock ( <i>Note 5</i> )		
Authorized—4,000,000 shares of No Par Value		
Issued —2,995,956 shares . . . . .	6,992,680	
Surplus arising from consolidation, less amount applied against		
Goodwill . . . . .	3,760,846	
Earnings retained for use in business		
Rest account . . . . .	5,000,000	
Earned Surplus as per statement attached . . . . .	18,228,808	
	<b>33,982,334</b>	<b>33,019,533</b>
	<b>35,982,334</b>	<b>35,019,533</b>

Approved on behalf of the Board:

A. ATKINS }  
L. J. BELNAP } *Directors*



# AND CONSOLIDATED SUBSIDIARY COMPANIES

## STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31ST AUGUST 1964  
WITH COMPARATIVE FIGURES FOR THE YEAR ENDED 31ST AUGUST 1963

	1964	1963
Earnings from Operations before deductions enumerated below . . . . .	\$ 4,913,559	\$ 3,618,827
ADD:		
Investment Income (Note 6) . . . . .	856,036	863,384
	5,769,595	4,482,211
DEDUCT:		
Depreciation on Buildings and Machinery . . . . .	869,457	822,361
Debenture Interest . . . . .	6,667	23,833
Legal Expenses . . . . .	14,704	8,557
Remuneration of Executive Officers . . . . .	284,066	281,527
Remuneration of Directors . . . . .	28,605	23,680
	1,203,499	1,159,958
	4,566,096	3,322,253
Provision for Estimated Income Tax . . . . .	1,787,000	1,232,232
Net Income for year before Profit on Sale of Investments and Fixed Assets . . . . .	2,779,096	2,090,021
ADD:		
Net Profit on Sale of Investments and Fixed Assets . . . . .	618,163	617,123
Net Income for year carried to Statement of Earned Surplus . . . . .	<u>\$ 3,397,259</u>	<u>\$ 2,707,144</u>

Statement pursuant to Section 117, The Companies Act 1934:

The total remuneration received by Officers and Directors from the Subsidiary Companies not consolidated, amounted to \$10,925 in 1964, and \$13,586 in 1963.

## STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED 31ST AUGUST 1964

Balance at 31st August 1963 . . . . .		\$17,328,017
DEDUCT:		
Pension Fund and Pension Payments with respect to Past Service . . . . .	\$ 229,697	
Less: Related Income Tax Credit . . . . .	118,576	
		111,121
		17,216,896
ADD:		
Net Income for year as per Statement of Income and Expenditure . . . . .		3,397,259
		20,614,155
DEDUCT DIVIDENDS:		
On Preferred Stock . . . . .	140,000	
On Common Stock . . . . .		
Regular . . . . .	1,796,164	
Extra . . . . .	449,183	
	2,245,347	
		2,385,347
Balance as per Balance Sheet . . . . .		<u>\$18,228,808</u>



## NOTES TO FINANCIAL STATEMENTS

	Years ended 31st August	1964	1963
<b>NOTE 1—INVENTORIES</b>			
Stocks of Wheat and Coarse Grains (including purchases for account of the Canadian Wheat Board), Flour, Feeds, Cereals, Bags, etc., valued at the lower of cost or market, less Reserve \$646,586.			
<b>NOTE 2—INVESTMENT IN SUBSIDIARY COMPANIES— NOT CONSOLIDATED</b>			
Shares, less Reserve (including shares with book value \$564,392; quoted Market Value \$784,459) . . . . .		\$ 8,127,457	\$ 8,097,892
Amounts owing, less Reserve . . . . .		137,011	341,114
*The corresponding values, as shown by the most recent annual accounts of the Subsidiary Companies, less intangible assets amounted to \$8,361,086.			
		<u>\$8,264,468</u>	<u>8,439,006</u>
<b>NOTE 3—FIXED ASSETS</b>			
The Ogilvie Flour Mills Company, Limited			
Land, Water Power, Buildings, Machinery and Equipment at predecessor Company's net book value of 1924, with additions at cost. Motor Trucks and Automobiles at cost, less reserve for depreciation . . . . .		22,788,956	22,005,006
Subsidiary Companies			
Land, Water Power, Buildings, Machinery and Equipment at cost. Motor Trucks and Automobiles at cost, less reserve for depreciation . . . . .		6,637,419	6,631,399
		29,426,375	28,636,405
Less reserve for depreciation . . . . .		17,689,512	17,079,688
		<u>\$11,736,863</u>	<u>\$11,556,717</u>
<b>NOTE 4—PREFERRED STOCK</b>			
Supplementary Letters Patent dated 26th June 1964 were obtained under which the Company may from time to time, with the consent of the holders thereof respectively, purchase for cancellation all or any of the Preferred Shares outstanding.			
<b>NOTE 5—CAPITAL STOCK OPTIONS</b>			
Of the authorized and unissued Common Shares, 160,000 shares were reserved at 31st August 1963 under a stock option plan for officers and employees of the Company, of which 5,200 shares were issued during the year. In accordance with the plan the following shares were under option:			
Balance at 31st August 1963	56,000 shares at \$11.925 per share		
Granted during year	2,000 shares at \$13.000 per share*		
	<u>58,000 shares</u>		
Less options exercised during year for cash consideration	<u>5,200 shares at \$11.925 per share</u>		
Balance at 31st August 1964	<u>52,800 shares</u>		
*Market price at date of granting of option \$14.375 per share			
<b>NOTE 6—INVESTMENT INCOME</b>			
Income from Marketable Securities, other Investments and Mortgages . . . . .		516,833	519,607
The Company's share of the aggregate earnings less losses of non-consolidated Subsidiary Companies was as follows: 1964 \$477,326; 1963 \$504,172 (including profit on sale of Investments and Fixed Assets 1964 \$13,076; 1963 loss \$1,744).			
Dividends from non-consolidated Subsidiary Companies . . . . .		339,203	343,777
		<u>\$ 856,036</u>	<u>\$ 863,384</u>



## SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST AUGUST 1964

### FUNDS WERE OBTAINED FROM:

Income before depreciation, after adjustments . . . . .	\$ 4,421,855
Decrease in investment in subsidiary companies . . . . .	174,538
Proceeds from common stock issued under stock option plan . . . . .	62,010
	<hr/>
	4,658,403

### FUNDS WERE USED TO:

Reduce debentures after provision for sinking fund . . . . .	200,000
Pay dividends to shareholders . . . . .	2,385,347
Increase investment in other investments and mortgages . . . . .	120,216
Increase net investment in fixed assets . . . . .	1,049,603
Increase prepaid expenses . . . . .	67,231
	<hr/>
	3,822,397
Increase in Working Capital . . . . .	<hr/>
	836,006

## AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders,  
The Ogilvie Flour Mills Company, Limited

We have examined the Consolidated Balance Sheet of The Ogilvie Flour Mills Company, Limited and Consolidated Subsidiary Companies as at 31st August 1964 and the related Statements of Income and Expenditure and Surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Companies, the accompanying Consolidated Balance Sheet and the related Statements of Income and Expenditure and Surplus, supplemented by the appended notes, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company and its Consolidated Subsidiary Companies at 31st August 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with Section 118 of The Companies Act, 1934, we report that the dividends received from Subsidiary Companies not consolidated did not exceed the aggregate profits less losses for the year of the Subsidiary Companies not consolidated.

CREAK, CUSHING & HODGSON

Montreal, 19th October, 1964

Chartered Accountants.



## **YOUR COMPANY SPEAKS**

A result of the trend to modern, self-service shopping is that much of the personal contact between shopper and grocer has disappeared. Today the housewife depends upon advertising to help form her opinions of the products she will buy and the brands she will choose.

Through carefully prepared advertising in virtually every type of publication and over hundreds of radio and television stations, your Company continually builds a bond of trust and confidence with the millions of people who buy its products.













**TO OUR  
SHAREHOLDERS**



**THE  
OGILVIE  
FLOUR  
MILLS  
COMPANY  
LIMITED**





Enclosed herewith is your January 2nd, 1964 dividend cheque of 15¢ per common share.

## A REPORT TO OUR SHAREHOLDERS

### SPECIAL GENERAL MEETINGS

At Special General Meetings held on the day of the Annual Meeting, the Company's shareholders agreed to the Proposal of Compromise or Arrangement submitted to them by the Company, providing for amendment to the attributes of the Preferred shares to make it permissible for the Company to buy its Preferred shares for cancellation, *but only with the consent of the holders of shares purchased*. The Proposal will now be submitted to the Court and, if sanctioned by it, application will be made for confirming Supplementary Letters Patent.

As many of you were unable to attend the Company's Annual Meeting on December 5th, we believe you will be interested in this synopsis of the meeting.

Shares represented at the meeting were: Common, 2,174,265 of 2,990,756—72.7%. Preferred, 57,900 of 80,000—72.4%.

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MR. A. ATKINS, PRESIDENT OF THE COMPANY, ADDRESSED THE MEETING AS FOLLOWS:

Ladies and Gentlemen:

Before calling for a motion that the Directors' Report and Financial Statements be adopted, I would like to make a few remarks.



On August 23rd, 1963, we sustained the sudden, tragic loss of our Chairman, the Hon. J. Arthur Mathewson, Q.C. He had served as a Director of this Company for twelve years and was Chairman of the Board of Directors from January, 1961. His wise counsel will be greatly missed. We are saddened by his sudden passing.

The year under review was a difficult operating year. While sales of our consumer items held at a high level, sales to bakeries during the first few months of the year were sharply lower than the preceding year, due to the heavy inventories on hand at all bakeries.

Export sales were off sharply from the previous year.

As this condition was general in the milling industry, it was natural that a tight situation would develop in mill offals, with the result that during the early part of the year these advanced rapidly in price and helped to offset loss of earnings from flour and higher costs attributed to the lower volume of business.

Towards the end of 1962 business returned to a normal pattern and mill offals in the latter part of the year returned to more realistic values.

The start of the current year shows conditions reversed from those of a year ago.

With the completion of sales of wheat and flour to Russia, and with the possibility of a price rise in flour as a result of higher wheat prices, domestic customers bought heavily in the first two months of the current year.

This, along with the Russian business which we commenced milling about

October 1st, has kept our mills working in excess of rated capacity.

With all mills in Canada working to or over normal capacity, mill offals have been produced in much greater quantities. While we had a shortage of offals in the first few months of last year, we now have a heavy surplus, which fortunately we have been able to sell for export at reasonable prices.

It is therefore natural that the earnings from flour milling for the first two months of this year are very sharply higher than they were a year ago.

I am pleased to say at this time that not only has there been a marked improvement in the flour milling part of our business but all other departments of the parent company are showing sales and earning equal to or in excess of the previous year.

The present estimate is that all our plants will be operating at close to maximum capacity from now until the latter part of July.

The Lake of the Woods mill at Medicine Hat, which was closed in 1956, recommenced milling on November 1st.

The new unit at Winnipeg came into production on December 2nd, so the output of our mills is now greater than at any time in the company's history.

In previous years I have usually stated that it is always difficult and therefore unwise to predict the financial results for the year. However, this year, barring unforeseen happenings, I can say that prospects are for a good year and it is expected our operating statements will



create new records as to volume and earnings.

Our largest subsidiary, Catelli, has started the year under favourable conditions.

Unfortunately our bakery affiliates in Eastern Canada are experiencing one of the worst periods in their history. The largest of these baking affiliates was beleaguered by a strike during the early part of the year at their Montreal plants, which plants controlled 50% of its production. A heavy loss of sales resulted from the strike and, to date, this loss of sales has not been totally recovered. Increased cost of ingredients, particularly sugar, has further aggravated this situation.

This company has been re-organized during the current year and, while it is still having a difficult time, there are signs of improvement and, should a price increase be obtained to offset the increased price of ingredients, I am satisfied this company will show to much better advantage in the not-too-distant future.

The foregoing gives you our thoughts with regard to the present year and, at this time, it might be well to give some thought to the more distant future, particularly with regard to flour.

The trend of the past few years has been a steady domestic market, wherein the per capita consumption has been declining gradually, which loss has been offset by increased population.

In the export market we have seen a gradual decline as a result of severe competition by the United States, the building of flour mills in foreign lands, and a sharp reduction in the purchase of flour by the Government for aid purposes.

There are indications that per capita consumption will level off at about the present rate. We therefore should see a greater domestic demand as Canada's population grows.

While there are still some foreign countries in which flour mills may be built, it would appear that loss of business from this cause over the next few years will not be serious.

The Government has announced its intention that, commencing 1964, our foreign aid programme will be substantially increased. I think we can therefore expect that Government agencies will be purchasing substantially larger quantities of flour for this purpose.

While the present sale to Russia is for a one-year period, there is always the possibility that that country may be in the market for supplies in the years following. Larger sales could have been made this year had our handling and transportation facilities been able to handle greater quantities.

There would seem little doubt that the shortage in Russia is real and is indeed severe. This being the case, it is extremely doubtful if complete recovery will occur in one year. The general feeling is that Russia may be a purchaser of wheat and flour for more than the present year. Much will depend on the crops with which that country is favoured during the next year or two.

During the current year, Canada harvested the largest wheat crop in its history. Latest figures show this to have been slightly over 700,000,000 bushels. It is unusual, with a large crop, that the large part of it would be of high protein



and of good baking quality. This crop is one of the best on record in this regard.

It would appear as if our exports of wheat during the present crop year will reach 550,000,000 bushels, which will return to Canada over a billion dollars of foreign exchange—this against normal exports of 250,000,000 to 300,000,000 bushels or, say, \$600,000,000.

Our domestic market uses approximately 150,000,000 bushels per annum so this, added to the amount we expect to export, will use all of the large crop we have produced this year and will leave us with a carry-over similar to that of July 31st last. This carry-over is by no means burdensome.

This large crop and these large export sales will reflect favourably on business in Canada.

I look forward to the future with confidence.

De complètement en l'espace d'un an. L'avis général, la Russie pourrait faire des achats de blé et de farine après l'année en cours. Cela dépendra dans une large mesure des récoltes de ce pays d'ici un an ou deux.

Pendant l'année en cours, le Canada a connu la plus grosse récolte de blé de son histoire. Les chiffres les plus récents indiquent que cette récolte a légèrement dépassé les 700 millions de boisseaux. Quand une récolte est aussi abondante, il est exceptionnel qu'une grande partie du blé soit riche en protéines et possède de bonnes qualités boulangères. Tel est cependant le cas de la récolte actuelle, une des meilleures que l'on ait connues, à cet égard.

Il semble que les exportations de blé canadien doivent atteindre 550,000,000 de boisseaux, jusqu'à la prochaine récolte, ce qui rapportera plus d'un milliard de dollars en devises étrangères. Les exportations atteignent normalement 250,000,000 à 300,000,000 de boisseaux, soit une valeur de \$600,000,000.

Le marché intérieur absorbe environ 150,000,000 de boisseaux par an. En y ajoutant la quantité que nous comptons exporter, on constate que toute la récolte rentrée cette année sera absorbée, et qu'il nous restera un excédent semblable à celui du 31 juillet dernier, ce qui n'est nullement exagéré.

Cette grosse récolte et ces importantes exportations de blé influenceront favorablement les affaires au Canada. Ainsi, pouvons-nous envisager l'avenir avec confiance.



Dans les quelques dernières années, la demande est restée constante sur le marché intérieur, si la consommation par tête d'habitant a progressivement diminué, cette perte s'est trouvée compensée par l'augmentation de la population.

En ce qui concerne les exportations, nous avons constaté un déclin graduel, par suite de la forte concurrence des États-Unis, de la construction de minoteries dans les pays étrangers, et d'une forte réduction des achats de farine effectués par le gouvernement pour l'aide à l'étranger.

Il semble que la consommation par tête d'habitant doive se stabiliser à peu près au niveau actuel. La demande du marché intérieur devrait donc augmenter avec l'accroissement de la population.

Bien que certains pays étrangers puissent encore construire de nouvelles minoteries, il semblerait que les pertes de chiffre d'affaires qui nous seront ainsi causées au cours des prochaines années, ne seront pas importantes.

Le gouvernement a annoncé son intention d'intensifier sensiblement son aide à l'étranger à partir de 1964. Je crois, par conséquent, que nous pouvons nous attendre à des achats plus importants de farine destinée à cette aide, de la part des organismes gouvernementaux.

Bien que la vente actuelle à la Russie est valable pour une période d'un an, il reste toujours possible que ce pays cherche à s'approvisionner à l'étranger dans les années suivantes. Nous aurions pu vendre davantage cette année si la capacité de nos moyens de manutention et de transport nous l'avait permis.

Il semble ne faire guère de doute que la pénurie de blé en Russie est réelle et même grave. Dans ce cas, il est fort peu probable que la situation se rétablisse

sorte que la production de nos minoteries est actuellement plus élevée qu'elle n'a

jamais été.

Dans les années précédentes, j'avais coutume de déclarer qu'il est toujours difficile, et par conséquent peu sage, de prédire les résultats financiers de l'exercice en cours. Cependant, je puis dire cette année que, sauf événements imprévus, les perspectives sont bonnes et qu'on peut attendre des résultats d'exploitation qui établiront de nouveaux records du chiffre d'affaires et des recettes.

Catelli, notre plus importante filiale, a commencé l'année dans des conditions favorables.

Malheureusement, nos boulangeries affiliées dans l'est du Canada connaissent une des plus mauvaises périodes de leur histoire. Au début de l'année, la plus grande de ces boulangeries affiliées a été affectée par une grève de ses usines de Montréal, lesquelles fournissent 50% de sa production. Cette grève a fait manquer de nombreuses ventes, qui n'ont pas été entièrement récupérées à ce jour. L'augmentation du prix des ingrédients, particulièrement du sucre, a encore aggravé cette situation.

Cette compagnie affiliée a été réorganisée durant l'année en cours. Quoiqu'elle connaisse encore des difficultés, nous notons des signes d'amélioration et, si on obtient une augmentation des prix pour compenser la hausse de prix des ingrédients, je suis sûr que cette compagnie sera en bien meilleure position dans un avenir pas très éloigné.

Nous vous avons fait part dans ce qui précède, de nos considérations au sujet de l'année en cours. Peut-être serait-il opportun d'envisager maintenant les perspectives d'un avenir plus éloigné, particulièrement en ce qui concerne la farine.



Avec la conclusion des ventes de blé et de farine à la Russie, et la possibilité d'une augmentation du prix de la farine conséquence à la hausse des cours du blé, la clientèle du marché intérieur a fait beaucoup d'achats dans les deux premiers mois de l'exercice en cours.

Par suite de cette forte demande intérieure, ainsi que des commandes de farine pour la Russie que nous avons commencé à remplir vers le 1er octobre, nos minoteries ont dû travailler au-delà de leur capacité théorique de production.

Tous les moulins canadiens travaillant à plein rendement ou même davantage, la production des issues s'est accrue dans de fortes proportions. Alors que nous connaissions une pénurie de ces issues au cours des premiers mois de l'année dernière, nous en avons maintenant un important surplus que nous avons heureusement pu exporter à des prix raisonnables.

Il est par conséquent tout naturel que les revenus provenant de la meunerie pour les deux premiers mois de cet exercice soient beaucoup plus élevés que ceux d'il y a un an.

J'ai le plaisir d'annoncer également qu'il n'y a pas eu seulement une amélioration marquée de l'activité de nos minoteries, mais que toutes les autres divisions de la compagnie mère enregistrent des ventes et des recettes égales ou supérieures à celles de l'exercice précédent.

On estime actuellement que toutes nos usines travailleront presque au maximum de leur capacité d'ici la fin de juillet.

Le moulin de "Lake of the Woods", à Medicine Hat, qui avait été fermé en 1956, a recommencé à travailler le 1er novembre.

La nouvelle installation de Winnipeg est entrée en activité le 2 décembre, de

Mesdames et Messieurs,

Avant de proposer l'adoption du rapport des administrateurs et des états financiers, j'aimerais faire quelques remarques.

Le 23 août 1963, nous avons été frappés par la perte soudaine et tragique de notre président, l'honorable J. Arthur Mathewson, C.R. Il avait servi pendant douze ans comme administrateur de cette compagnie et il était président du conseil d'administration depuis janvier 1961. Ses sages conseils nous manqueront beaucoup et nous ressentons douloureusement sa perte soudaine.

Nous avons connu de nombreuses difficultés au cours de l'exercice écoulé. Si les ventes de nos produits de grande consommation se sont maintenues à un niveau élevé, les ventes aux boulangeries pendant les quelques premiers mois de l'exercice ont été en forte baisse par rapport à celles de l'année précédente, du fait des stocks importants détenus par toutes les boulangeries.

Les exportations ont également fortement diminué par rapport à l'année précédente.

Comme cette situation était générale dans notre industrie, il était naturel qu'il s'ensuivît une pénurie d'issues de menuiserie, de sorte que le prix de ces sous-produits a augmenté rapidement au début de l'année ce qui a contribué à compenser le manque à gagner subi sur la farine et l'accroissement des frais attribuable à la réduction des affaires.

Vers la fin de l'exercice 1962, les affaires ont repris leur rythme normal et le cours des issues est revenu à un niveau qui reflète mieux leur valeur réelle. Au début de l'exercice en cours, nous constatons des conditions inverses de celles de l'année précédente.



Ci-joint se trouve votre chèque de dividende de 15¢ par action au 2 janvier 1964.

## RAPPORT À NOS ACTIONNAIRES

### ASSEMBLÉES GÉNÉRALES SPÉCIALES

Au cours des Assemblées Générales Spéciales tenues le même jour que l'Assemblée Annuelle, les actionnaires de la Compagnie ont donné leur assentiment à la Proposition de Compromis ou Arrangement qui leur fut soumise par la Compagnie, prévoyant l'amendement des règlements des actions privilégiées afin de permettre à la Compagnie d'acheter, mais *seulement avec le consentement des détenteurs des actions ainsi achetées*, ces actions privilégiées pour annulation.

La Proposition sera maintenant soumise à la Cour et si celle-ci l'approuve, une requête sera faite pour obtenir des Lettres Patentes Supplémentaires à cet effet.

Comme plusieurs d'entre vous furent incapables d'assister à l'Assemblée annuelle de la Compagnie le 5 décembre, nous avons préparé ce sommaire de l'Assemblée. Les actions représentées à l'Assemblée étaient: Ordinaires, 2,174,265 sur 2,990,756 —72.7%; Privilégiées, 57,900 sur 80,000 —72.4%.

M. A. ATKINS, PRÉSIDENT DE LA  
COMPAGNIE FIT LE DISCOURS SUIVANT À  
L'ASSEMBLÉE.



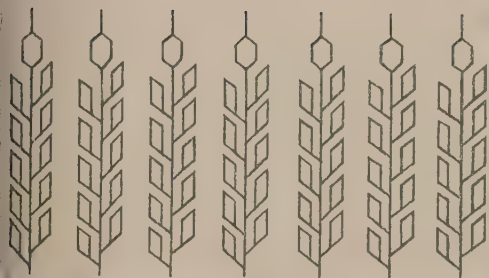


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OGILVIE  
FLOUR  
MILLS  
COMPANY  
LIMITED

1957

A NOS  
ACTIONNAIRES



**SEMI-ANNUAL REPORT  
OF EARNINGS 1964**

THE OGILVIE FLOUR MILLS COMPANY LIMITED





April 1st, 1964

We are pleased to enclose your common dividend cheque for 20¢ per share. This includes the regular dividend of 15¢ for the quarter ended February 29th, 1964, plus an extra payment of 5¢ per share.

The statement of earnings for the first six months shows record earnings for this period. After preferred dividends, common share earnings — **exclusive of profit on the sale of investments** — amounted to 44¢ per share, as compared to 26¢ for the same period a year ago. Profits on the sale of investments amounted to \$379,242 as compared to \$46,487.

The large flour orders for shipment to the U.S.S.R. accounted for the greater part of this increase, but I am pleased to add that all other divisions of the Company — with the exception of the Poultry Processing Division — have shown higher earnings than in the previous year.

Orders on hand assure that our mills will continue to operate at maximum capacity until about the end of June. After that date the picture is somewhat obscure, as much will depend on whether the U.S.S.R. continues to be a purchaser of Canadian flour. This will not be known until there is an indication of the progress their crops are making.

Our largest subsidiary, Catelli, continues to show progress. Our subsidiary and affiliated companies in the baking industry are still experiencing very difficult times.

ARTHUR ATKINS  
*President*

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**THE OGILVIE FLOUR MILLS COMPANY  
LIMITED**  
**& Consolidated Subsidiary Companies**

STATEMENT OF EARNINGS  
(unaudited)

	<i>6 months ended</i>	
	<i>Feb. 29</i>	<i>Feb. 28</i>
	<i>1964</i>	<i>1963</i>
Net earnings from operations (before income taxes) . . . . .	\$2,146,857	\$1,111,812
Investment Income* . . . .	359,492	348,126
	<hr/>	<hr/>
	\$2,506,349	\$1,459,938
Estimated Income Tax . .	1,116,366	606,743
	<hr/>	<hr/>
Net Income . . . . .	1,389,983	853,195
Profit on Sale of Investments . . . . .	379,242	46,487
	<hr/>	<hr/>
Net Profit . . . . .	\$1,769,225	\$ 899,682
	<hr/>	<hr/>

*\*Includes \$133,515 in dividends from subsidiary companies in 1964 and \$105,892 in dividends from a subsidiary company in 1963.*

INVESTMENT IN MARKETABLE  
SECURITIES

	<i>Approximate Book Value</i>	<i>Approximate Quoted Value</i>
	<hr/>	<hr/>
February 29th, 1964	\$3,943,497	\$12,829,000
August 31st, 1963	\$3,171,559	\$11,628,000

APR 2 1964

THE OGILVIE FLOUR MILLS COMPANY  
LIMITED  
& FILIALES CONSOLIDÉES

ÉTAT DU REVENU  
(non vérifié)

Période de 6 mois

se terminant

le 29 fév. le 28 fév.

1964 1963

Bénéfices nets d'exploita-

tion (avant paiement

des impôts) .....

Revenus des placements \*

\$2,146,897 \$1,111,812

359,492 348,126

\$2,506,349 \$1,459,938

Impôt sur le revenu

1,116,366 606,743

REVENU NET..... \$1,389,983 \$ 853,195

Profit sur la vente des va-

leurs de placements. . . 379,242 46,487

BÉNÉFICE NET..... \$1,769,225 \$ 899,682

\*Comprend \$133,515 des dividendes provenant des  
filiales pour 1964 et \$105,892 des dividendes  
d'une filiale pour 1963.

PLACEMENT EN VALEURS  
NEGOCIABLES

Valeur approxi-  
mative en  
Comptable  
bourse

\$3,943,497 \$12,829,000

\$3,171,559 \$11,628,000

le 29 février 1964

le 31 août 1963



Le 1er avril 1964.

Nous sommes heureux de vous adresser un chèque de dividende sur vos actions à raison de \$0.20 par action. Cette somme représente le dividende régulier de \$0.15 pour le trimestre terminé le 29 février 1964, plus un dividende additionnel de \$0.05 par action.

L'état des bénéfices pour les premiers six mois de l'exercice en cours montre des bénéfices record pour cette période. Après paiement des dividendes sur les actions privilégiées, les bénéfices des actions ordinaires — **indépendamment des profits réalisés sur la vente des placements** — représentent 44¢ par action, comparativement à 26¢ pour la même période, il y a un an. Les profits sur la vente des placements se sont élevés à \$379,242, comparativement à \$46,487.

La majeure partie de cette augmentation est due aux importantes commandes de farine par l'U.R.S.S., mais je suis heureux de souligner que toutes les autres Divisions de la compagnie — à l'exception de la Division de la Mise en Marché Avicole — ont marqué des avances par rapport à l'exercice précédent.

Les commandes que nous avons en mains assurent une pleine capacité à nos moulins d'ici la fin de juin. Après cette date, la situation est incertaine et tout dépendra en grande partie de la décision de l'U.R.S.S. de continuer ou non d'acheter de la farine canadienne. La situation demeurera confuse jusqu'aux premiers rapports des progrès inscrits dans les récoltes de l'U.R.S.S.

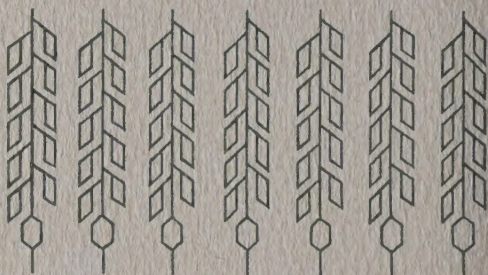
Catelli, notre filiale la plus importante, continue de marquer des progrès, tandis que nos autres filiales de l'industrie de la boulangerie connaissent encore des périodes très difficiles.

*Le président,*  
ARTHUR ATKINS



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RAPPORT SEMESTRIEL  
DE REVENU 1964



THE OGILVIE FLOUR MILLS COMPANY LIMITED